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# the fruit and vegetable grower and



U. S. DEPARTMENT OF AGRICULTURE  
AGRICULTURAL MARKETING SERVICE  
Fruit and Vegetable Division



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The Perishable Agricultural Commodities Act helps you, as a grower of fruits or vegetables, by encouraging fair trading practices throughout the produce industry.

People who buy and sell fresh or frozen fruits and vegetables depend on the good faith of those they deal with. The produce business is financially hazardous, because fruits and vegetables are highly perishable and must be harvested, packed, and shipped quickly.

As a grower, the PAC Act protects you from unfair and fraudulent practices when you sell your produce. It provides a means of enforcing marketing contracts, so that you'll get paid promptly when you carry out your responsibilities.

The PAC Act has been the fair trading standard for the produce industry since 1930. It has been amended a number of times to keep it up to date with changing marketing practices.

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## **PACA licenses**

All dealers, commission merchants, brokers, growers' agents, and shippers handling fresh or frozen fruits or vegetables in interstate commerce are required to have a license under the PAC Act.

If you, as a farmer or grower, sell only the products you grow, you are not required to be licensed. But, if you sell products grown by other farmers, then you need a license. Cooperative associations must be licensed if they market the produce of their members. Truckers don't need a license if they only haul produce for the freight charges. But if they buy or sell produce, then they need a license. Penalties may be imposed for operating without a license when one is required. Violations of the Act can result in a license being suspended or revoked.

## **Grower's rights**

If you believe you have been unfairly treated by the person who bought your produce, you can file a complaint and get help from the U.S. Department of Agriculture. You don't need a license to file a complaint.

As a grower, you're protected against the unfair practices stated in the law.

Here are some of them:

- Buyers can't reject produce they bought from you or have contracted for, unless they have reasonable cause.
- Buyers must pay you promptly for produce when it is delivered according to the contract.
- Commission merchants who receive your produce on consignment can't dump, discard, or destroy it without reasonable cause. They must give you prompt, accurate accountings, and pay promptly the net proceeds from the shipment.
- Shippers or growers' agents who harvest, pack, and sell your crops must give you prompt, accurate accountings and pay you what you're due under the contract.

## **Grower's responsibilities**

Along with rights, you have responsibilities under PACA. Here is what you should do to meet your contract obligations:



- If you contract to sell produce, deliver the quality and quantity stated in your contract on the date specified. If you fail to comply with the contract, the buyer may reject your shipment. Or, he may accept it and pay you only the reasonable value of the produce you delivered. While the buyer can't file a complaint against you as an unlicensed grower under the Act, he can sue in court to recover damages he suffers because of your breach of the contract.



- Don't misbrand your produce as to grade, State of origin, or otherwise misrepresent it. If you ship a misbranded load of produce, the receiver is entitled to reject it, or to correct the misbranding at your expense. PACA doesn't require any particular markings on containers, but those that are used must be accurate. Other Federal and State laws require the name and address of the packer or distributor, the product, and the net weight of the contents to be shown.

- Deal only with persons licensed under the PAC Act, and check on their financial status or reputation before you ship produce to them. A valid PACA license, however, is not a guarantee that the person you sell to is dependable and financially able to pay you. Surety bonds are required under this law only if a person had his license suspended or revoked for unfair trade practices, or if he has been involved in bankruptcy.

## How to file a complaint

You can send a complaint under PACA to any of the USDA offices listed on the back of this pamphlet. In your letter, show the names and



addresses of the people involved, and explain the nature of your contract and the commodity involved. Tell what caused the dispute and the amount of your damages. And enclose copies of all papers relating to the transaction.

Your letter and papers will be reviewed. If there is a proper basis for complaint, USDA will contact the other persons involved and try to arrange an informal settlement.

If the matter needs urgent attention—such as a rejection of your shipment at a terminal market—then you can wire the details or telephone one of the offices listed, and send supporting evidence later.

USDA doesn't charge a fee for this service.

## **Good records can help you**

To recover losses under the PAC Act, you must prove:

- That there was a valid contract and you complied with it.
- That the other person didn't keep his agreement with you, and
- That the financial damages you are claiming resulted from his breach of the contract.

The best way to prove your claim is to have a written contract. A verbal agreement is hard to prove and often hard to enforce when there's a dispute.

Make sure your written contract covers all details of the agreement for each deal you make, whether it's for a whole crop or just one truck-load. Show the quality and quantity of the produce you're selling and the date you're required to deliver it, the price, and time of payment.

If the agreement covers the harvesting, packing, and selling of your entire crop by a growers' agent, be sure there's a clear understanding in writing of the charges to be made for these services, the type of accounting you will receive, and when you will be paid. State exactly what authority the agent will have in marketing your crop—whether he can only sell the produce, or if he can consign it and enter into joint-account contracts with other dealers. Show whether he has authority to use brokers to sell your produce and to deduct these brokerage fees.



You and the other persons involved should have copies of the written contract to avoid misunderstandings. Remember, too, to keep your own records as to the approximate weight or number of containers of produce you delivered, and the date of delivery.

Proper contracts and good records will minimize disputes. But, if there is a dispute, these records put you in a position to prove your claim, and PACA will help you get what you are entitled to receive.

To file complaints or get information about PACA, contact any of the following offices of the **Regulatory Branch, Fruit and Vegetable Division Agricultural Marketing Service**  
**U.S. Department of Agriculture:**

Rm. 2095-So. Bldg.  
Washington, D. C. 20250  
**Phone:** (202) 737-4118 (long distance)  
or 447-2272 (local)

Subway Terminal Bldg., Rm. 900 D  
417 South Hill St.  
Los Angeles, California 90013  
**Phone:** (213) 628-7766 (long distance)  
or 688-3194 (local)

U.S. Customs House, Rm. 1119  
Chicago, Illinois 60607  
**Phone:** (312) 922-0328 (long distance)  
or 353-6220 (local)

26 Federal Plaza, Rm. 1641  
New York, New York 10007  
**Phone:** (212) 732-3193 (long distance)  
or 264-1118 (local)

819 Taylor St., Rm. 9C03  
Fort Worth, Texas 76102  
**Phone:** (817) 335-1630 (long distance)  
or 334-2624 (local)

All AMS services are available without regard to race, color, creed, sex, or national origin. If you know of any violations of this principle, send details to the Secretary of Agriculture, Washington, D. C. 20250.

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